

E-002/M-89-818INITIATING INVESTIGATION AND REQUIRING REPORT

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
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In the Matter of an Investigation into Northern
States Power Company's Customer Data
Collection Practices

ISSUE DATE: NOVEMBER 6, 1989

DOCKET NO. E-002/M-89-818

ORDER INITIATING INVESTIGATION
AND REQUIRING REPORT

PROCEDURAL HISTORY

On June 26, 1989 two people contacted the Consumer Affairs Office of this Commission and alleged that improper notations appeared on certain customer account records retained by Northern States Power Company. The complaining parties provided copies of three customer records bearing such notations. One record contained the notation "Negro" after the customer's name. One contained the notations "crack house" and "prostitute." The third contained the notation "strange individual."

The people who brought this information to the Commission declined to file formal or informal complaints against Northern States Power Company (NSP or the Company). The Consumer Affairs Office therefore undertook its own investigation of the matter, to determine whether formal Commission action was required.

The matter came before the Commission on October 10, 1989 by action of Commission staff. Staff recommended that the Commission require NSP to conduct a review of its customer data collection practices and to report back to the Commission. Staff also recommended that the Commission convene a study group to investigate the data collection and access practices of Minnesota's regulated utilities generally.

FINDINGS AND CONCLUSIONS

Conduct and Results of Staff Investigation

Examination of Company and Commission records revealed that the racial designation complained of had been brought to the Commission's attention in April of 1988 by Lee Ruiz, NSP's Supervisor of Policies and Procedures. The Company indicated the employee who had made the notation had

been disciplined and had received remedial training in proper data collection practices. At the same time the Company had updated its policy manual to prevent similar incidents in the future. Since the Company had itself notified the Commission of the problem and of its putative correction, the Commission had taken no formal action on the matter.

The Consumer Affairs staff, the Financial Unit staff, and the Commission's Attorney General staff worked together to investigate whether the racial designation and other notations signalled a breakdown in acceptable recordkeeping procedures or a need for revision of those procedures. They met first with NSP Vice President Hazel O'Leary, Regulatory Affairs Manager Kim Erickson, and Customer Operations Manager Michael Gregerson. All three people expressed the Company's desire to cooperate in the investigatory effort. Commission staff then familiarized themselves with the Company's customer record system and developed a plan to examine customer records for inappropriate notations.

The investigators examined the Company's three major repositories of information about its customers: the Customer Information System, the primary record of all customer accounts; the Credit Management System, a sub-set of the Customer Information System which contains information on overdue accounts; and the Locked Account List, which contains information on accounts where service has been or is about to be disconnected for nonpayment of utility bills.

Staff examined the primary Customer Information System by reading all notations made on customer accounts on a date chosen at random, May 15, 1989. They examined the Credit Management System by requesting copies of the notations on all accounts at least 90 days overdue, and by reading the notations on 4,500 such accounts selected at random. They examined the Locked Account List by reading the notations on all listed accounts in the Company's east metropolitan area.

Examination of these records revealed no further incidents of racial designation. It did, however, reveal approximately 15 to 20 notations which appeared to raise issues regarding defamation or invasion of privacy. Examples of such notations include the following: "Thinks Chris in drug rehab;" "Police were hauling her away;" "Mr. in jail for murder . . . Mr. pleaded guilty to unintentional 2nd degree murder;" "She had a nervous breakdown and is in the hospital;" "Now gone . . . after ripping off Ann's stereo, TV, etc. . . .;" "This is one of the houses involved in the drug raid." Most of these notations were made in the context of the Company's collection efforts. At least one of them (the one pertaining to an alleged drug raid) was directed to the attention of Company field personnel, who enter customers' homes to read meters or disconnect service.

In addition to the above notations, the investigation disclosed numerous notations containing personal information of questionable relevance or accuracy. Such information generally fell into one of the following categories: marital status, age, disability status, detailed employment information, detailed information regarding the composition of the household.

Generally, notations of all types failed to identify the source of the information. Since such information was often provided by persons other than the customer, such as landlords, relatives, and neighbors, staff believed mandatory identification of the source should be considered.

Finally, access to customer information was identified as an area requiring further examination. Although access to the Credit Management System and Locked Account List is restricted to collection and field staff, the Customer Information System is apparently accessible to all Company employees with computer access.

Staff recommended requiring the Company to conduct a review of its customer data collection practices and to file a report containing proposals for ensuring the accuracy, relevance, and confidentiality of customer records. Staff also recommended convening a study group to address the customer data acquisition and access practices of all Minnesota utilities, believing NSP's practices do not differ significantly from those of other utilities.

Commission Action

The Commission finds that the notations described above raise questions about the propriety, reliability, and relevance of certain information in the Company's customer account records. The notations also raise questions about the effectiveness of Company efforts to discourage employees from soliciting inappropriate information from customers. The nature of many of the notations makes Company-wide access to the Customer Information System problematic. The Commission will initiate an investigation to examine these matters.

The Commission will require the Company to review its policies on recording customer information and to review the extent to which those policies are carried out in practice. The Commission will also require the Company to review its policies regarding access to customer information within the Company. The Company will submit a report on this review, including proposals to correct any deficiencies identified, within 30 days. The Commission will

allow comments on the Company's report by interested parties before taking final action.

Under separate docket number, the Commission will initiate an investigation into the customer data collection practices of Minnesota utilities generally. In that docket the Commission will establish a study group to examine current utility practices and to advise the Commission on whether corrective action appears to be necessary.

ORDER

1. Northern States Power Company shall review its policies and practices on the solicitation, acquisition, and retention of information regarding individual customers and on the accessibility of such information within the Company. The Company shall file a report detailing the results of that review, and detailing any proposed changes in policy or practice, within 30 days of the date of this Order.
2. The Company shall serve the report described in paragraph one on the Department of Public Service and on any other party who requests a copy.
3. Interested parties shall have 20 days from the date the report is filed to submit written comments on it. A copy of all such comments shall be served on the Company.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Lee Larson
Acting Executive Secretary

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